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Message Text

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ORIGIN SS-25

INFO OCT-01 ADP-00 SSO-00 NSCE-00 /026 R

DRAFTED BY AID/ SA/ C: DMERRILL: DL
06/ I4/73 EXT 23972
APPROVED BY EA: MGODLEY
EA/ TB: JDEXTER (DRAFT)
EA/ LC: LMRIVES (DRAFT)
AID/ SA/ C: GKAMENS (DRAFT)
AID/ AA/ SA: RHNOOTER
EA: RLSNEIDER (DRAFT)
S/ S- O: CHTHOMAS
---------- 093914
O 142359 Z JUN 73
FM SECSTATE WASHDC
TO AMEMBASSY PHNOM PENH IMMEDIATE
AMEMBASSY BANGKOK IMMEDIATE

S E C R E T STATE 116417

EXDIS

E. O; II652: GDS

TAGS: EAID, EAGR, CB, TH

FOR SWANK AND MASTERS FROM GODLEY

SUBJ: THAI RICE FOR CAMBODIA

REFS: A. BANGKOK 9 I86 B. STATE II4025 C. PHNOM PENH
5438 D; PHNOM PENH 5 I96

1. WE ARE NOW FACED WITH A SERIOUS RICE CRISIS IN PHNOM
PENH BY END JULY UNLESS ABOUT I0,000 TONS THAI RICE
SHIPPED PROMPTLY. RICE SPECULATION, HOARDING AND SHORTAGES
COULD CREATE POLITICAL TURMOIL WITH UNPREDICTABLE EFFECTS
ON GKR AND WITH OBVIOUS MAJOR RISKS ON THAI CONCERNS RE-
GARDING CAMBODIA. THIS IS A POLITICAL PROBLEM EVEN MORE
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THAN AN ECONOMIC ONE- A RICE CRISIS IN PHNOM PENH AGAIN THIS SUMMER COULD, WE BELIEVE, JEOPARDIZE THE STABILITY OF THE NEW HIGH POLITICAL COUNCIL WHICH, FRAGILE AS IT IS, NEVERTHELESS REPRESENTS A STEP FORWARD TOWARD AN EVENTUAL PEACE SETTLEMENT IN CAMBODIA. WE NEED HARDLY EMPHASIZE THAT WE DO NOT WANT TO LOSE THE GROUND WE HAVE GAINED SO PAINSTAKINGLY. BELIEVE IT IS IN THE KHMER NATIONAL INTEREST TO APPEAL TO THE THAIS FOR AN ADDITIONAL I0,000 TON SHIPMENT DESPITE THE RTG' S BAN ON NEW EXPORTS, AND BELIEVE IT IS IN THAI NATIONAL INTEREST TO FIND WAY TO GET RICE TO PHNOM PENH. WE SHARE THIS CONCERN AND ARE PREPARED FINANCE THAI RICE. RTG' S DECISION TO BAN NEW EXPORTS NOT-WITHSTANDING, NEED FOR GKR TO CONTRACT WITH RTG IMMEDIATELY FOR AN ADDITIONAL I0,000 TONS OF RICE FROM CURRENT STOCKS (ABOVE THE 5,000 TONS ALREADY COMMITTED), TO BE DELIVERED PHNOM PENH BY JULY I5, IS NOW MORE URGENT THAN EVER.

2. STRATEGY: BELIEVE WE SHOULD USE TWO- STEP APPROACH; FIRST, GKR SHOULD IMMEDIATELY MAKE HIGHEST POSSIBLE REPRE-SENTATION IN BANGKOK STATING ITS CASE, POSSIBLY WITH A SPECIAL DELEGATION. GKR SHOULD LAY FACTS BEFORE RTG WHICH SPELL OUT WHY BATTAMBANG DELIVERIES ARE NOT, AS RTG MAY THINK, SUFFICIENT TO AVERT CRISIS (SEE PARA 3 BELOW). THEN, IN BANGKOK, WE WILL BACK THIS UP WITH AN APPEAL BASED ON POLITICAL CONSIDERATIONS OF WHICH RTG MAY NOT BE FULLY AWARE. WE WOULD, HOWEVER, DO THIS ONLY IF AND AFTER GKR HAS TAKEN APPROPRIATE MEASURES SUCH AS PROPOSED IN-CREASE IN PRICE OF RICE AND STRICTER CONTROL DISTRIBUTION; SUCH STEPS, WE ARE CONVINCED, WOULD STRENGTHEN GKR IN ITS APPROACH TO THAIS.

3. FACTUAL SITUATION: LATEST REPORTS FROM PHNOM PENH INDI-CATE THAT DESPITE OPENING OF ROUTE 5, RICE SITUATION IN PHNOM PENH REMAINS GRAVE; EVEN IF ROUTE 5 REMAINS CLEAR, THE BEST THAT CAN BE HOPED FOR IS THAT I0,000 TONS WOULD BE BROUGHT TO PHNOM PENH BY END OF JULY, BRINGING STOCKS TO LESS THAN ONE MONTH' S SUPPLY, WHICH NOT SUFFICIENT TO AVERT SPECULATION. AT BEST THERE CAN BE TWO BATTAMBANG CONVOYS PER WEEK CARRYING I200 TONS EACH IN NEXT FOUR WEEKS. DUE TO ENEMY CUTTING OF TRENCHES IN ROAD, USE OF EXTRA TRAILERS HAS BEEN TEMPORARILY BANNED SO AS TO AVOID

FURTHER ROAD DETERIORATION. NO ADDITIONAL TRUCKS ARE AVAILABLE. WHEN THE RAINS COME, CONVOYS WILL HAVE TO PRO-CEED MORE SLOWLY. ADDITIONAL FACTUAL DATA FOR KHMER AND EMBASSY BANGKOK USE IS CONTAINED IN PHNOM PENH 5438;

4. FOR BANGKOK: A. YOUR JUDGMENT OF THE PROBABLE INEFFEC-TIVENESS OF ADDITIO4 AL HIGH- LEVEL REPRESENTATION AT THIS

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JUNCTURE IS NOTED. YOU S6 OULD, HOWEVER, PROCEED ON POLI-
TICAL GROUND- ; LONE; ALTHOUGH THAIS NEVER MADE AN IRREVO-
CABLE COMMITMENT FOR THE ADDITIONAL RICE WE HAVE SOUGHT,
YOU WILL RECALL THAT THANOM AND OTHERS SINCE MARCH HAVE
ASSURED US OF THEIR COMPREHENSION OF THE KHMER NEED FOR
RICE AND IT POL/ MIL IMPLICATIONS FOR THAILAND. AFTER
KHMERS HAVE MADE ADJUSTMENTS MENTIONED PARA 2 ABOVE AND
MAKE THEIR APPEAL, YOU SHOULD ADVISE THANOM OF OUR ASSESS-
MENT OF THE IMPACT OF A RICE SHORTAGE ON THE STABILITY OF
THE PRESENT PHNOM PENH GOVERNMENT, AND ASK WHETHER CABINET
COULD APPROVE AN URGENT EXCEPTION TO THE EXPORT BAN BASED
ON POLITICAL CONSIDERATIONS. WE RECOGNIZE COMPETING CLAIMS

BUT THIS IS ONLY COMPETING CLAIM IN WHICH POLITICAL STA-
BILITY OF A NEIGHBORING STATE IS SO CLEARLY AT STAKE;
OUR CONCERN FOR THIS POLITICAL STABILITY IS UNDERSCORED
BY OUR WILLINGNESS FINANCE RICE. WE DO NOT BELIEVE A
COMMITMENT FROM THE SECOND CROP (WHICH WE UNDERSTAND NOT
YET HARVESTED) WOULD BE IN TIME; SHIPMENT WOULD NEED TO
BEGIN NOW FROM PRESENT THAI INVENTORIES.

B. ANOTHER POINT YOU SHOULD MAKE IS THAT, AS IT IS NOT
KNOWN EXACTLY HOW MUCH RICE PREVIOUSLY COMMITTED TO
CAMBODIA, THE ADDITIONAL I0,000 TONS COULD BE HANDLED AS
PART OF A PRIOR COMMITMENT (BUT ADDITIVE TO 5,000 TONS
MENTIONED PHNOM PENH 4402). FACT THAT ALL OTHER EXPORTS
NOW BANNED COULD PARADOXICALLY BE HELPFUL, AS SHIPMENT OF
I0,000 TONS, WITH NO OTHER NEW SHIPMENTS, WOULD HAVE PRAC-
TICALLY NO EFFECT ON DRIVING UP DOMESTIC THAI PRICES, AS
I0,000 TONS ONLY A VERY SMALL PERCENTAGE OF TOTAL TH AI
RICE STOCK.

C. YOU COULD THEN MAKE POINT OF GKR EFFORTS CONTROL RICE
DISTRIBUTION AS DESCRIBED EARLIER.
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D. FINALLY, YOU SHOULD MENTION THAT ONLY THE TH AIS IN
POSITION SOLVE THIS IMMEDIATE PROBLEM. AS RTG IS AWARE,
THERE IS ALSO A SERIOUS SHORTAGE IN VIETNAM, WHICH LIMITS
OUR FLEXIBILITY, AND ANY DIVERSION FROM THERE AS MEN-
TIONED PARA 3 REF B WOULD HASTEN EXHAUSTION OF VIETNAM
STOCKS. AFTER THIS IMMEDIATE HURDLE PASSED, KHMER
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*** Current Handling Restrictions *** EXDIS

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*** Current Classification *** SECRET

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JUN 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE116417
Document Source: CORE
Document Unique ID: 00
Drafter: DMERRILL: DL
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730620/aaaajbnv.tel
Line Count: 161
Locator: TEXT ON-LINE
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: A.BANGKOK 9 I86 B. STATE II4025, 5438 D, 73 PHNOM PENH 5 I96
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 20 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Nov-2001 by shawdg>; APPROVED <02-Jan-2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980209
Subject: THAI RICE FOR CAMBODIA
TAGS: EAGR, EAID, CB, TH
To: BANGKOK
PHNOM PENH
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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